

Message Text

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13

ACTION TRSE-00

INFO OCT-01 EA-06 NEA-06 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-05 NSAE-00 RSC-01 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-01 CEA-01 L-02 H-01 IO-10 /081 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 8914

AMEMBASSY KABUL

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS DECLASS 5-6-75

TAGS: EAID, EFIN, AF

SUBJECT: ADB LOAN AND TECHNICAL ASSISTANCE FOR KAJAKAI SPILLWAY
GATES PROJECT

REF: A) MANILA 13828

B) TRSY NO. 18

1. ADB BOARD OF DIRECTORS ON DEC. 5 APPROVED SUBJECT
LOAN AND TECHNICAL ASSISTANCE. PRESS RELEASE BEING
POUCHED. DURING BOARD DISCUSSION, U.S. ALT. DIRECTOR
RAISED POINTS NOTED IN REF B.

2. WITH RESPECT TWO AND ONE-HALF YEAR LEAD TIME,
MANAGEMENT STATED THIS CONSERVATIVE ESTIMATE BASED
ADB'S PRIOR EXPERIENCE AFGHANISTAN WHEREIN PROTRACTED
DELAYS ENCOUNTERED GOVT PRODEDURES REQUIRED TO MAKE
LOANS EFFECTIVE, COMMENCE IMPLEMENTATION. HOWEVER,
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BANK STAFF OPTIMISTIC THAT IF PROCEDURAL STEPS SPEEDED

UP, CONSTRUCTION COULD WELL COMMENCE EARLIER THAN TWO AND ONE-HALF YEARS. ALSO SEE PARA 5 BELOW.

3. MANAGEMENT CONFIDENT COST OVERRUNS THIS PROJECT INCORPORATED IN ESTIMATES. IN ADDITION TO OVERALL 10 PERCENT CONTINGENCY, 40 PERCENT PRICE ESCALATION HAS BEEN ALLOWED (PARA 81 OF APPRAISAL DOC REFERS).

4. BANK STAFF HAS NO ILLUSIONS ABOUT HAVA COMPETENCE HENCE STRONG CONSULTANCY COMPONENTS IN LOAN (SEE PARA 103, APPRAISAL DOC AND PARA 13, REF A). ALSO, STAFF OBSERVE LOAN AGREEMENT (SEC 4.13) AND SIDE LTR NO. 5 PROVIDE FOR ONGOING CONSULTATIONS BETWEEN GOVT AND BANK RE FINDINGS OF GRANT-FINANCED AG DEVELOPMENT CONSULTANTS; GOVT ASSURES EVENTUAL AG PLAN WILL BE IMPLEMENTED.

5. IN PURSUIT OF GOALS TO EXPEDITE PROJECT IMPLEMENTATION AND FACILITATE POSSIBLE U.S. BUSINESS OPPORTUNITY FOR SUBSTANTIAL PROJECT CIVIL WORKS COMPONENT (\$6,685,000 ESTIMATED), U.S. MISSION KABUL REQUESTED TO INFORMALLY EXPLORE WITH PRESENTLY-MOBILIZED CONTRACTOR NOW AT SITE (CONSTRUCTING USAID-FINANCED HYDRO POWER PROJECT) INTEREST IN BIDDING ON SPILLWAY GATES CIVIL WORKS. IF AFFIRMATIVE REPLY, SHOULD INDICATE CONTRACTOR PREFERENCE TO PERFORM WORK ALONE OR IN POSSIBLE JOINT VENTURE WITH HACU AS SUGGESTED PARA 90, APPRAISAL DOC. USADB WOULD APPRECIATE BEING ADVISED POSSIBLE INTEREST.

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Message Attributes

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